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Sinclair



Sokolsky

Sinclair, Upton Beall.

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Debate Between Upton Sinclair and George Sokolsky, January 15, 1940,
Modern Forum, Philharmonic Auditorium, Los Angeles, Calif.

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GEORGE SOKOLSKY: Affirmative.

Dr. Lissauer, Mr. Sinclair, Ladies and Gentlemen: The subject of this debate is not whether democracy is a superior political system to any other upon this earth, or whether capitalism is a superior economic system. It is that, accepting the American form of democracy as satisfactory to us, whether the American form of capitalism is essential to its maintenance. I think upon this one point Mr. Sinclair may agree, that we desire to retain the American form of democracy; we may even wish to improve it. Our disagreement can arise only from our understanding of the economics of American life.

But even though we accept the American form of democracy, I think that there might be considerable benefit in an analysis of it. Perhaps we won't agree on the analysis. What do we really mean by democracy and in what particular is the American form different from any other?

In the first place, we recognize that a free government—one that is not controlled by a despot or a dictator—is necessarily subject to the will of the people. If the people are stupid in their selection of their own government, that is their own fault. If they submit to any type of coercion, from the capitalists, or labor unions or politicians in office, that is their own fault. If they ignorantly follow slogans instead of using their intellects, that is their own fault. Their right to select their own officials, to reject them, to control them is absolute. When this right goes by default, only the people are to blame.

But there is a further point that needs to be made. This is politically a classless society. Yet, men do divide into groups according to their way of thinking or their occupations, or their national origins or for all sorts of other reasons. Each group seeks at least to influence and at most to dominate all other groups. Democracy under such circumstances can easily become anarchy unless there is a firm law, a respect for law, and a recognition of the rights of the individual under the law.

We often speak of the rights of the majority and the rights of minorities. But under our system, under the American system, neither the majority nor the minorities have rights under the law except in some of the confusions current today. Basically, it is the individual who possesses rights. The Constitution deals with the rights of individuals. The Bill of Rights protects the individual. Of course, sometimes the administrators of the law go screwy and even the courts fail to realize their high responsibilities, but the fact remains that in the 150 years of our history there have been fewer examples of the suppression of the liberties of the individual than there have been during the past 20 years in any of the non-capitalistic countries of Europe. Our long record compares more than favorably with the shorter record of Soviet Russia, Nazi Germany, and Fascist Italy.

The fact then is that the essence of American democracy is the liberty of the individual, his freedom from government control and coercion, his right to determine the character of his own life, to think, speak, read and write as he chooses, to pursue whatever religion he chooses, to vote in elections and to form and participate in the administration of government, to join groups, cliques, parties, unions, lodges, forums like this tonight. He chooses without government warrant or permit. We don't regard the government as our master; we regard the government as a machine which we own and control and should master.

More than that, the American can work at anything he can find or choose; he can engage in business, he can spend or save his money, and if he saves it, he can invest his money in his own business or in a corporate enterprise. He has the right to follow his own judgment; if it is good, he may gain, or if it should be bad, he will lose. Government,

under our system, can neither safeguard him against stupidity nor guarantee him against failure. The moment the government expands its authority to safeguard the economic life of man, it inevitably expands its authority over his social and political life. That has happened in many parts of Europe and has produced the totalitarian state in its many forms and devices.

All political and economic systems are harsh. Politics is force and force in its most social aspects is harsh at times and to groups of persons. Economics deals with production and distribution and at both ends of any economic device, there are those who benefit too much and those who benefit too little. The task of democratic politics is to eliminate harshness as much as possible, to find justice, to preserve liberty, to raise the general standards of all people. The task of capitalistic economics is to satisfy the needs of consumers, to increase their purchasing power so as to maintain the rhythm of the process, to utilize the plant, equipment and man power to the greatest advantage of the people of the country, and to increase wealth so that more will always be available for replacements, developments, and expansions.

The essence of the American form of capitalism is the private ownership of property. There are other forms of capitalism in which the state owns the property. But the American system requires that the individual or groups of individuals shall have the right to own and use property. Such property may consist of homes, farms, wearing apparel and household effects or stocks and bonds in the largest corporations in the land, savings, insurance policies, mortgages—anything.

This ideal stands or falls on the diffusion of wealth among individuals. If there is a concentration of wealth—that is, of possessions—then this right becomes a chimera, an ideal, a utopia. If, however, there is evidence of a wide diffusion of individual wealth, then the system stands firm. When we note that in the United States today, after this long depression of ten years, there are about 32,500,000 families; that 30,710,000 automobiles are registered; that 40,800,000 radios are in use; 12,100,000 electrical refrigerators; that more than 17,000,000 security holders own American corporate wealth; that more than \$117,000,000,000 is invested by private individuals in homes and farms and that \$132,000,000,000 is deposited in savings banks and invested in life insurance policies in force, then obviously wealth is diffused in this country beyond anything that exists anywhere else in the world.

I do not claim that there is no poverty and no dramatically excessive wealth. I simply claim that our system works better than any yet devised anywhere upon this earth; and that in spite of economic cycles and politically prolonged depressions, we show an astonishingly favorable balance sheet when we discuss the wealth of the American people and its widespread diffusion. Our task is to continue the process of bringing the advantages of this system to an increasingly large number of people, to remove abuses of economic power on all sides—on the side of capital and on the side of the C.I.O.; to sweep away government controls which impede the process and to free all elements of our people from poverty. Only the capitalist system as practised in America and a few small European countries—England, France, Belgium, Switzerland, Holland, the Scandinavian countries—has rescued the peasant, the enslaved worker and the lower middle class from the poverty, the coercion, the suffering, the darkness of life which has been their lot in Europe. Our job is to complete this work, but to complete it under democracy and private enterprise, both of which function here better than other systems function elsewhere.

Let us for a moment analyze the situation in the non-capitalist, totalitarian, collectivist countries. There the government controls the use of property no matter who owns it. In Soviet Russia, of course, the government owns the property, but in Italy, Germany, and most of

Europe, the government only controls the use of property. Actually it makes no difference, it is the same thing in practice.

First of all, there is a suppression of divergence. Under our system, competition and freedom in the market, stimulates the production and distribution of a wide diversity of goods and services. Furthermore, competition brings down prices, for there is not only a competition in quality and kind, but there is also a price competition. Any one of you who owns a car knows that you receive today for \$700 a better car than was obtainable 20 years ago for \$4000. That lowering of price is inevitable in our form of competition. The result is that we all benefit from this competition, this complex diversity of economic activity.

In the collectivist-totalitarian system, this divergence disappears. In its place is an orderly, rigid regimentation of all wants, needs, desires and supplies. That this regimentation leads to a lowering of the standard of living for all the people is obvious in Europe today. But the process goes further than that. The state has to organize for economic control. It has to set up a central authority with such powers as can competently not only suppress supply but also demand. It alone can determine what shall be made; therefore, it alone must determine what people shall want. It must not only regulate needs, but tastes and desires. It must not only decide what is economically desirable but also what is politically desirable.

The consumer becomes a pawn of government. Labor becomes a government servant. It is only natural that the right to strike, for instance, has disappeared in all totalitarian and collectivist countries, just as the right of the business man to dispose of his enterprise is abrogated. Do you realize that today, there is only one country in the world where the right to strike is unhampered? That country is the United States. And this is the only country in the world where the right of a man to dispose of his property is unhampered at this moment.

Instead of rule by a majority, or even a few, under the current European system, government degenerates into a rule by One—the Leader, the Dictator, the Brilliant Mind—the Stalin and Hitler and Mussolini—or whatever it is that his stooges call him. Even Mussolini finds that he doesn't want to be as brilliant as Stalin and Hitler. Whatever it is, one man, one mind, one king, almost by divine right, controls the entire economic, social, and political processes of the country, and he gains that right, largely, almost entirely, through his control and domination of the economic process by the destroying of competition, and by limiting the power of capital to function freely, by setting up a rigid regimented organization.

It is the suppression of competition, the suppression of divergence in the use of private property that has led to the political and social dictatorships in Europe. It is there that there is a concentration of wealth, because in one country all wealth is held by a government which consists of one man, and in most of the other countries, its use is controlled by a government consisting of one man.

With us, as confusing as our system appears to be, we, as a people, still control a very complex government which can operate only as a compromise among a great many representatives of various segments of the people. No one man has emerged as a Leader. Even the strongest among our representatives must constantly meet changing public opinion and changing public desires. To some Europeans, this may appear to be a very confused and wasteful system; yet we live better physically in all economic strata than the highest average does there—and we are so free that Mr. Sinclair and I can talk about it tonight without worrying about the power of government and what it can do to us. Perhaps nowhere else in the world is this possible tonight, and that it is possible, in my opinion, justifies the American form of Capitalism as the preserver of the American form of Democracy.

UPTON SINCLAIR:

My friends, and Mr. Sokolsky's friends;

I hope that my friends won't be too greatly shocked to learn that I agree with Mr. Sokolsky on the subject of democracy. I intended to give you several of Abe Lincoln's definitions of our system of Government, but I am satisfied with Mr. Sokolsky's. He can be our Abe Lincoln for tonight, and we can consider that that part of our debate is settled. Also, in the last five minutes of his discussion, Mr. Sokolsky gave you a very eloquent expression of dissatisfaction with totalitarian governments and dictatorships in Europe, and that is satisfactory to me in every way. But in between the two, he discussed American capitalism and the American property system, and that is the part of the discussion with which I have to disagree, and about which we will have our argument this evening.

Now Mr. Sokolsky believes in the private ownership of property, and he specified among other things, your clothing. I agree with Mr. Sokolsky about the private ownership of clothing. I haven't the slightest desire for any of his clothing. And I take it for granted that he would have some difficulty in getting into mine; and each of you ladies and each of you gentlemen in the audience may go out this evening safely in the possession of your clothing. Likewise your toothbrush and your household furnishings, and your homes. I have no desire for any of them in the name of the starving proletariat or any body else. I look forward to a system under which the people who need clothes can have clothes, made for them without the necessity of paying tribute to capital, and without the certainty of getting shoddy material at high prices made higher by their having to pay for the cost of advertising. That to me is what American capitalism is and has been since the day I woke up and opened my eyes to it.

So we have to draw a number of distinctions as to the definition of property. For example, we have in Los Angeles a great number of very beautiful school buildings. They are all property but most of them are public property. We have a post office and quite a number of branch post-offices. They are property and they are not private property. In other words our American democracy has found it perfectly possible to preserve itself and at the same time to arrange for the social ownership and democratic control of schools and post-offices. Our post-offices are nationally owned and our Postmaster General is appointed by a President whom we elect. Our schools are locally owned and they are run by a school board for whom we vote, and if we don't like them, we can turn them out. So we have a very large amount of publicly owned property.

The only question I have to discuss with Mr. Sokolsky is how much of the property of the United States shall be publicly owned and how much privately owned? The publicly owned to be publicly administered by the votes of you and me, and the privately owned to be administered by the people who own it. The question is, where are we going to draw the line between those two things, and the immediate question we have to settle is that the line be drawn at the proper spot.

Is there anything which is privately owned today and privately run for private profit which ought to be publicly owned and publicly run, and which could be so publicly owned and publicly run without the destruction or imperilling of our political system, the loss of our liberties, of our initiative, referendum and recall, and all the other privileges which we as citizens of California and of the United States enjoy?

Now since I have opened my eyes to American public life, and all the time I have read about it in American history prior to that, there has been going on a struggle in our country for the public ownership, or control, of this and that form of property. There has also been going on a struggle for the increase of political liberties. I can remember

when the people of California didn't have the initiative, the referendum, the recall, and the direct primary system of elections which today should enable us to control our public officials.

A long political struggle has gone on in this country from its very beginning to gain those liberties, which Mr. Sokolsky can come here tonight and so happily and so proudly tell you about. They were not handed to the people of the United States. They were won in fierce struggle, and in the face of infinite lying and treachery and deception and betrayal of the public welfare, and always as you study that system you will find that it is private owners of private wealth who wage the fight against the gaining and the preserving and the incorporating of those liberties into the political system of our states and our nation.

Today it is the New Deal which is struggling to give us new social gains. I can remember, not many years ago, when old Senator La Follette was the man being lied about, and he was struggling to get those political liberties which Mr. Sokolsky talks about. In my youth it was William Jennings Bryan. And when I was being born, it was the Knights of Labor, and before that it was a struggle for the public school system and our post-office. For the liberty, for the privileges, and for the security which we enjoy today, the fight has had to be carried on against the forces of private interests and private greed and private privilege.

My opponent has told you that this is today the happiest and most successful country in the world, and I am very happy to say that that is one more point which we do not have to debate tonight. The question which interests me is not whether the one-third of our citizens who are ill-housed, ill clothed, and ill-fed are better off than the people of Russia and Germany. The question from my point of view is, are they as well off as they ought to be? Is there any excuse why they are not better off? Is there any reason why you and I shouldn't find out why they are not better off, and why we should not find a way to make them better off? In the questions I ask Mr. Sokolsky—I am giving fair warning in advance that I am going to ask him to say a little about the evils which still exist in the United States, and what he wants to have done about them, and why we can't do something about them with reasonable speed.

Now Mr. Sokolsky holds a point of view which is not of his own invention. He, as a student of economics and sociology, of course knows that as well as I do. The point of view which he has been explaining to you this evening is known as the Manchester School of economics: the old laissez-faire theory. Let the owners of business and private property alone, and they will provide you with an abundance of goods, and because they compete with one another, they will be forced to lower prices, and goods will become plentiful, and cheap, and people will have money to buy them. That is the theory, and in most high schools and colleges today you will find a fancy picture drawn in which that theory is represented as working. It is supposed to be in effect all over the United States. Speakers can step before the microphone and tell audiences about it, upon one simple condition, and that is that they refuse or fail to open their eyes to the reality of the United States of America. To me it is a problem how my friend, Mr. Sokolsky, can lecture for the National Association of Manufacturers and not know what the National Association of Manufacturers and all their subsidiary groups have done and are doing to destroy competition in the U.S., and by trade agreements of one sort or another to fix prices and to prevent that very system of laissez-faire from existing or working in the U.S. Now there are over 700 associations, trade associations, manufacturers associations, etc., groups in the U.S. today, and the purpose of every one of them is to prevent that system of free competition from working so far as concerns that particular group.

Why do they do that wicked thing? The reason they do it is that they know if they don't do it, prices will be driven down to the point where they won't make any profit, and they will be driven into bankruptcy and we will have chaos in the country. In other words this competition in production and distribution of goods is a dream that theoretical academic persons formulated in their minds, sitting off somewhere in a studio full of books. It never has been taught, and it never has been contemplated by anybody who went out and looked at the world. Because anywhere you find two manufacturers, two traders competing, you will find two men irresistably driven together to stop it; and the result is that competition is automatically a self-terminating procedure, and the aim of every business man is not to produce as much goods as possible and sell them at the lowest price. The aim is to make as few goods as possible and sell them at the highest price they can—in other words, for the highest net profit at the end of the year.

That is their aim, and I was happy and interested to note that during the twenty-two minutes of my opponent's talk not once did I hear him say anything about profits being the motive of the profit system. Now profit is the motive, and profit is what the business man is thinking about tonight while we are talking about him. He is not thinking about improving the world. He is not furnishing you with good clothes. He is thinking about how he can save his business from the other fellow who is trying to wreck it. Competition under capitalism is a holocaust; it is a nightmare; a jungle—and petty cheating, lying, thieving, and every kind of rascality and vileness that you can conceive.

Some of you saw that funny little picture in the Examiner this morning of Mr. Sokolsky and me drinking our orange juice and eating our toast. We had a very interesting chat about other parts of the world, and as I drove home, I thought about that breakfast . . . This is not personal to Mr. Sokolsky because he was not the host, and if anybody blushes it will be Dr. Lissauer who was the host. It was a fashionable place and they treated us in bangup style. I had a piece of toast in my hand, and I wanted some butter. There was some butter on ice, in those fancy little balls they make. I took the proper apparatus and tried to get some of it. The butter was in curly cues—you know how it is—it looked most attractive but when I tried to get one of these things, I discovered it was just a shell, and I didn't know how to get it. Finally I figured out how to roll three or four into my plate, and I did that. Then I discovered it wasn't anything. I mean when I wanted butter I was just getting wind. As I drove home I thought to myself, "Now, that is the capitalistic system, so far as the consumer is concerned. Capitalism is wind for butter."

I wasn't angry about it, because I had butter at home. I said: "When I get home I will get some real butter for supper." Then I asked myself: "But will I? Because, after all, what do I know what I have at home? I only know it has a fancy label and I paid a high price for it. That doesn't tell me a thing." I once knew a manufacturer of salt and he made 32 grades of salt; but, as he told me, they all came out of the same vat. I don't know much about the butter business, but it may be that it is the same as salt.

In its early competitive days, capitalism is wind for butter. Then you come to the day that capitalism begins to collapse and they call gangsters to protect it. Then you have cannon for butter. When you get to that stage it is near the end. Then it makes no difference how eloquent Mr. Sokolsky may be, his capitalistic system is dying, and it is the story of the nursery rhyme;

Humpty dumpty sat on a wall,
Humpty dumpty had a great fall,
All the king's horses and all the king's men
Including Mr. Sokolsky, can't put
Humpty dumpty together again!

QUESTIONS AND ANSWERS

SOKOLSKY:

Mr. Sinclair, you raised the subject of a line between public ownership of property and private ownership of property. I take it then—this is not my question, I am merely laying the foundation—I take it then, that you agree that there is a place where there would be public ownership and there would be private ownership and perhaps at times mixed ownership. If that is so, will you describe at what point you would draw the line? Exactly where shall we have private ownership of property, where shall we have public ownership of property, and how shall we maintain that line? How shall we maintain our private ownership at all in a system which is not completely planned, dominated, and controlled by the politicians?

SINCLAIR:

Well, I think at the present time, we have a great mass of public property and we might consider how we could add to it advantageously. I think for example, that the T.V.A. represents for the people of the Southern part of the U.S. a very great gain. I think that if we were to apply the T.V.A. to the other seven sections of the U.S. and have public ownership of power, that would be a very great gain. Then there is the question of the public ownership, or public control of credit, and the public ownership of the banks. I think that the great source of private control of the U.S. today, the power which buys our politicians, which controls our newspapers, which brings democracy to naught, is private ownership of money and banking. I want that to be publicly owned. Then I would like to begin with some big monopolies one after another. I would like President Roosevelt to print some of the three billion dollars that Congress has authorized him to print and buy the Mellon family's aluminum trust and let us manufacture cheap aluminum for all purposes of industry. I think we could turn out so much cheap aluminum that we would prevent the billion dollars, or whatever the cost, from representing inflation and have it represent a sound business investment. I could outline one industry after another which now monopolized, could be put under a mass production basis under public ownership to the great benefit of you and me.

SINCLAIR: Question.

I want to ask Mr. Sokolsky if he thinks the capitalistic system is within reasonable limits a permanent one? Does he think it can continue for a century? And if he doesn't think that, just what does he think will take its place?

SOKOLSKY:

If you ask me what is permanent, you are placing me in the position of God, and I don't care to compete with Him. I don't know what is permanent, but I say this, that we have an evolving system, a system that grew out of feudalism, and by creating competition and private enterprises, which feudalism did not tolerate to any great extent, we brought to ourselves the benefits which are apparent here in this hall tonight. For five thousand years the world practically stood on its axis and didn't move, and in two centuries, from the beginning of the use of private capital, as applied to steam, transportation, production, and distribution and credit, we developed a world smaller and richer and better, until finally out of Europe and Asia, and out of the medieval countries which had not yet benefited by capital, came a resurgence and return to feudal concepts in the form of Russian Communism, and that curse we face over the world today. Now how long capitalism will evolve to a place where everybody, the whole two billion human beings upon this earth, have the benefits which most of the people in this country have today, I don't know. I hope it goes on

for a long time, because its alternatives are too horrible to consider, when we look at Germany, Russia, and Europe today.

SOKOLSKY; Question.

Mr. Sinclair, in the first question I asked you, I asked for this line between private capital and public capital and I think you gave an indication of a type of line, that is namely where certain commodities take on monopolistic characteristics for one reason or another. You favor their going over to public control entirely. I take it that is what that line meant. Now in this world we have to be practical. You and I do not come out of studies apparently and therefore we have to be practical men. Now in this struggle in the world today, as we see it, there is a battle for the control of men, money and machinery, between two groups, the politicians—the man who produces nothing—creates nothing, makes nothing, but gets control of power—and the manufacturer and the banker, the distributor, who is a productive person, part of our general productive processes. Now these two groups are fighting for power, and in between comes the labor politician who fights alone with one side or another. Don't you feel that in this struggle for power, what we call democracy is likely to be more imperilled by the rise of predatory pursuers of power who become subject to no one's will, because in time they gain control of the police power, than it is to trust to economic power which ultimately is subject to the course of our initiative, to our referendum, and to our recall, and which makes it possible even for Harry Bridges to control San Francisco?

SINCLAIR:

Well, of course, Mr. Bridges doesn't control San Francisco. There are some manufacturers and some bankers in San Francisco who have something to say about what goes on in that community. I know several of them, and they have told me, so I am not guessing about it. Ever since I woke up to the U.S. of America this is what I have seen: the people trying to have their way about something, and the political machines, financed by big business, blocking the people and keeping them from having their way. That has been the struggle for power that has gone on in the U.S. in my time, and to me the great force which destroys democracy and brings it to naught, and takes all the meaning out of it, is the power of large scale capital and private privilege buying the politicians. In my day, when I was young, they didn't have to buy the politicians; they bought the machines, and the bosses told us what candidates we were to vote for, and we voted for the least bad of the two, but nearly always got the worse one. The point I am trying to make is, the little bit of effort the people are making to get control of their country and government away from big business is what causes the howl of big business men about politicians and corruption of politicians. This is a trick deliberately spread by the newspapers to keep the people from having any public servants to represent them. I know perfectly well that a Huey Long will sell the people out; but the people have to go on trying until they succeed in getting a public servant who will not be bought.

SINCLAIR: Question.

I will tell Mr. Sokolsky that the La Follette committee brought out the fact that the Merchants and Manufacturers and other big business groups in Los Angeles paid \$130,000 to the Los Angeles police authorities to help break a strike. I use that as an illustration. I ask Mr. Sokolsky whether ever in his experience, and his observation in the U.S. he has known of cases where big capitalists have thwarted the will of the people by buying the public authorities or the political machines away from the people?

SOKOLSKY:

Oh, yes.

SINCLAIR: Question.

What are you going to do about it?

SOKOLSKY:

There are people in business who don't understand either capitalism or democracy, just as there are people in all movements who don't understand capitalism or democracy. For example, when you find a businessman who pays to break a strike, he is wicked. He is just as wicked as John Lewis is when he makes a \$500,000 contribution to control a President, or threatens a year in advance of an election that he will have a fund of \$800,000 to control the next election. That is just a negation of the whole democratic process. I don't think that most modern business men, most of the business men with whom I am in constant association, believe in those practices, because they don't bring anything, they don't mean anything, they are stupid and they are inefficient. The only way that these battles can be fought out where there is a difference of opinion, is to fight them out either by facing the consequences of a strike, which is just as hard on capital as on labor; or to fight them out in the courts, which is an ideal system, an ideal procedure in our kind of government. My objection to your question and its form is that it comes after I asked the question of you. You still ignored the fact that today the politicians, through the NLRB, through the NRA when it existed, through every device and scheme, that they can create are trying to get hold of all the capital resources of the country, and of all the man power resources of the country, and force them into a single organization which they, the politicians, will control, and which they will use to perpetuate themselves in power. I don't care whether a man is a dictator or a despot, but the man who wants to perpetuate himself in power is evil in a democracy, and those who use labor to do it, or capital to do it, are equally evil?

SOKOLSKY: Question.

Don't you agree, don't you believe, Mr. Sinclair, that when we see a trend in this country such as we see at present—and I am talking to some extent against my cause, because I feel that if it can be done to the other fellow, it can be done to us—don't you believe that when there is a trend, by law and by political power, to smash organizations of citizens, freely organized of their own free will, through the Sherman Anti-Trust law, or other means—organizations like the A. F. of L. or the American Medical Assn., or for that matter any other public organization—don't you believe that ultimately that indicates an ultimate desire on the part of those in power to permit only such organizations to exist which they regard as essential to their schemes, and that therefore, in this struggle between the politicians and the other elements in the country, we are beginning to have a trend toward facism, not supported by business, but coming out of the ambitions of the politicians?

SINCLAIR:

My answer is that I think the U.S. of America has been governed ever since the Civil War, by organizations of big business, which put up the money to buy and control the political parties, to dominate the conventions, to name the candidates, and to run the Government. That has been the American system of government during my entire lifetime. I have never found any other system of government anywhere except in a very few places temporarily, such as the regime of the La Follettes in Wisconsin. They limited it to some extent. To say that the buying of political parties isn't profitable to the men who do it, is to overlook the basic facts of American life since the Civil War. The Republican

party was dominated by big business to pass tariff laws, to protect the big business interests of this country, to give away the public privileges, to allow laws against monopolies to be broken, to allow prices to be fixed, to allow people to be plundered in a hundred different ways. I have written dozens of books about it and I can't say it all in two minutes. Now the people are waking up, and trying to change the system of government, of big business buying democracy away from the people. There are two ways to do it. By violent overthrow, or political action. If it is to be done in the American way, it has to be done by political action. I say, when people come forth in political office and try to protect us against those monstrous evils, the efforts of the capitalistic press is to make them appear our enemies, and I say that is treason to public welfare.

SINCLAIR: Question.

I want to ask Mr. Sokolsky to tell us whether the news has come to him that there are some ten or eleven million people out of work in the U.S., and ask what he proposes to do about that. Assuming that he was the politician who was put in charge of government by somebody, what would he do?

SOKOLSKY:

In the first place, there are not ten or eleven million people out of work. I don't know where you get the figures but they are not correct or current. In November, 1939, there were two per cent more people at work in the manufacturing industries of the U.S. by an actual pay roll account, than in November, 1929. In December and January, that figure has increased. I am convinced—and I know that you won't like it—that the problem of unemployment in the U.S. can be solved only in one way, and that is by withdrawing the restrictions from the investment and use of capital so that plants and equipment can expand, and more men and women can be given the opportunity to have more jobs in private enterprise. I am convinced from all the available data—whether it is data issued by private organizations, or by the government, by the federal reserve bank, or the Department of Labor or Department of Agriculture—that our depression had reached the bottom in June, 1932, and would have disappeared were it not that the American people made the mistake of entering upon a semi-fascist confusion which they called the New Deal and which they perpetuated.

SOKOLSKY; Question.

Mr. Sinclair, going back to the problem of control, don't you believe in comparing such an organization as the NRA or in any thing of that type, we have the same control over economic distribution and production as developed in Italy and Germany?

SINCLAIR:

I hope nobody in this audience has the impression that I favor the New Deal. I favor many things in the New Deal. I think that the TVA represents one of the most important ventures we have made in present times. I think many social security measures, while bad in many details, represent something that has to be done. Very certainly even Mr. Hoover would have had to feed the unemployed after they starved a few years longer. But I never supported the NRA. It enabled the manufacturers to get together and make legal all the things they had done illegally. I don't believe there is any way you can run monopolized industry privately for the public welfare. I believe the private ownership has to be abolished and goods have to be produced for use. I am perfectly willing to take those steps gradually. The only way we have to take them rapidly is if we wait too long, if we wait till the public debt collapses and we can't pay it, we start inflation, and we get fascist dictatorship. That is why I have devoted all my life to working out a way so that people will

see that capitalism has reached a time when it has to be replaced by a co-operative system.

SINCLAIR: Question.

I am horrified by Mr. Sokolsky's statement that there are not ten or eleven million people out of work in the U.S. today. I thought everybody knew that. The figures have been disinterested figures of American big business itself. I will tell Mr. Sokolsky that our Government stated only a day or so ago that production is back to the 1929 level, and yet we had as many unemployed as we had a year ago. And yet Mr. Sokolsky tells you we must go back and let private enterprise operate without interference! What interference was there under Mr. Hoover? And why did the collapse come under Mr. Hoover and last for three years under his administration?

SOKOLSKY:

I am glad you asked that question, because that question is easy to answer. The collapse of our economic system was part of a world-wide collapse of the gold-standard countries, that is of all capitalistic countries, arising out of the destruction of the last war. We now know beyond any doubt at all that there are two things that hurt capital, one is monopoly and the other is war. And the object of all thinking about the preservation of the capitalist system, from a capitalist's standpoint, is to avoid those two diseases which the system contains within itself, as all other systems do. Those are human ills like typhoid, and diphtheria, and arteriosclerosis. Had there been no war, we would not have had a swift expansion which was imposed upon American industry by government, which most of us forget. We wouldn't have had the tremendous increase in plants and equipment beyond our ability to dispose of the goods, in our distributing system, and we would not have had a foreign trade that was so tremendous coming out of the last war, that when that foreign trade collapsed, because of the collapse of gold throughout the world, and the shipment of gold to this country, we were unable to continue to move our goods and produce and distribute as we had before. It makes no difference whether you had Hoover or Roosevelt or you yourself; the moment England and France, the moment South America was unable to buy our goods, because of the depression in those areas, it made ten or twelve percent difference in the consumption of our goods and services, which brought about a cyclical depression here. The war brought it, and if we go to war again, for political or other reasons, ten years later will bring another depression.

SOKOLSKY; Question.

I would like to ask you this question. You will agree because you are a historian, that modern American capitalism is the result of the evolution of political and economic and social institutions, as they affect production and distribution. Now as we look out on other parts of the world, where the same evolution took place at a pace not quite so rapid as with us, or in some places more rapid, we see the trend is away from human freedom, from democracy, even from a rising standard of living, and in its place comes the returning of all the degradations of mediaeval life. Doesn't that force you to halt, and to ask yourself whether in trying to push this evolution beyond its capacity, you are not imperilling the gains of civilization as given to us in the past 150 years?

SINCLAIR:

Well, you see, Mr. Sokolsky, I believe that the collapse of the capitalistic system is automatic. It is not brought about by anything that anybody does. It is the ripening of the fruit which drops from a tree. I could use a dozen different metaphors. There is a chicken forming inside of an egg; a new social system, and it breaks out of the egg. Capitalism goes on and accumulates wealth. It is an effort on the part of a class

to accumulate wealth in its own hands and become more and more successful and results in an unbalanced society. The result is over-production. It produces goods without anybody to buy them. The reason we chase outside for somebody to buy is because we have taken away so much money from the American people that they are no longer customers. They would be delighted to buy goods, but haven't the price. That goes on and on, and debt piles up because money which the capitalists own is money the people have to pay; and when the time comes the people cannot pay it, you have unemployment and economic crises. Then you have the permanent crisis, one so bad you have no chance to get over it. The moment you begin to adopt remedies, you are caught, you can't produce one way or the other. Then you begin to run into debt. The New Deal represents the last effort to save the capitalist system from its own collapse. When government cannot borrow more money, and everybody sees no chance of its being paid again, we are up against the complete breakdown, and we have to institute a cooperative system.

SINCLAIR: Question.

Now I am going to ask Mr. Sokolsky—Mr. Sokolsky attributed the last collapse to the world war. But my observation is that American capital has produced a series of panics and collapses. It is so well known, it is spoken of as the economic cycle. When I was a boy we had a frightful panic and I remember breadlines in 1893. I was fifteen and was in college in New York. I saw the breadlines and I know the poverty and distress in the U.S. at that time. What war caused that? Is there regularly a war every seven years that causes a crisis ten years later, or can Mr. Sokolsky tell us what makes the economic cycles?

SOKOLSKY:

There are many causes for cyclical depressions. It is a matter of adjusting. A system runs along and it moves with great speed and then there has to be a period of adjustment. When you have a war, that brings a period of adjustment period—a dead break switch over one type of transformation to another and a great investment of capital, and over-investment perhaps, because men are too eager—as I think Mr. Sinclair is too eager to transform everything quickly—which results in a necessary system of and period of adjustment. I don't know and I don't think anybody has ever produced evidence of an economic system—whether it is dependent upon agriculture or whether it is dependent upon industry—that ran at the same pace in production and distribution—in the production of income at the same pace all the time. It is inevitable that there will be a slowing of the process or a speeding of the process, and when there is a slowing of the process that becomes a depression. When there is a speeding of the process, it becomes a boom. I have never heard of anybody, except a few economists in their studies who objected to booms; but when people who should not have expanded lose their money, then they object to the inevitable depression, which sometimes is due to wars, but sometimes is due to greed, after risks and stupidity and just plain damn foolishness.

REBUTTAL.

SINCLAIR:

Greed, stupidity and plain damn foolishness; that is the text, and I am very happy to agree with Mr. Sokolsky at the end. I say that the apex, the climax, of greed, stupidity and plain damn foolishness, on the part of the American people is to allow the means of producing the things by which they have to live to be privately owned, to be thrown out into the market place to be grabbed for and scrambled for by speculators, and to be made the objects of gambling and of cheating, and of swindling, and of uncertainty and chaos and anarchy. Mr. Sokolsky has told you very happily and very completely that there has never been a system in the world which is operated efficiently. And the reason is because every system has been run by this method of greed, stupidity and just plain damn foolishness. Mr. Sokolsky says how about Communism? I remind him once more that our theme for tonight's debate specifies Americanism. I am talking about Americanism and America, and that is enough for me. In America we haven't got a mass of ignorant, degraded people who have never known liberty. We have a people who have been practising self-government for nearly three hundred years, learning to do better, and I want them to learn to do better still, and I am holding up to them their public schools and postoffices and fire departments, and many other things I could name, as proof of the fact that the politicians can carry on public services and furnish us what they need. I had a debate with H. L. Mencken once, and I mentioned the fire department, and he said "Nonsense, fire departments don't put out fires, they let them burn out." That is an illustration of how little Mencken cared about reality, and it is a good joke, but my friend Sokolsky is more interested in fact, and he knows fire departments put out fires. They do give a lot of protection. I presume there are firemen in this building now seeing that we don't get burned up. We don't call them politicians, and we don't despise them for giving us service.

I say we can have our financial system run that way. We don't have to have it run by Mr. Insull in Chicago, or Mr. Morgan. There have been hordes of others. I wrote a novel to tell how J. P. Morgan caused the panic of 1907. I knew all about that because one of my friends was on the inside at the time it happened. That panic was caused to protect the money and banking monopoly of J. P. Morgan in New York City and throughout the country. What I want is order in our industrial and business life. The reason our production and distribution systems have never operated regularly, is that we don't plan. We have never used the brains we have. We have left it entirely to greed, stupidity and plain damn foolishness.

SOKOLSKY:

Ladies and gentlemen, it has been a very interesting debate. I am a little afraid we haven't convinced each other, but I do think there is a very fundamental question in why we differ because we agree on so very much.

For example, we agree we like a system of democracy. We prefer it to any other. We agree we prefer a classless society. We agree monopolies are evil, I say to the capitalistic system and he says to the people as a whole, but it amounts to the same thing. We agree there should be private enterprise to a certain amount. Mr. Sinclair would draw the line farther toward public enterprise than I would. I agree there should be a fire department, a post-office, a school, and I don't agree about TVA. I agree about a few other things. Where do we disagree? In asking that question, I think that without talking about the robbers and thieves and cheaters we can discuss what intelligent, farsighted business men, and what intelligent far-sighted persons in business think. Where there is a difference of opinion is in the tempo of improvement of a human.

process. This capitalistic system which we operate in the United States is not more than two centuries old. It is a new system. It is a new system because prior to its existence, government controlled everything; industry was chartered by government, the terms of labor, prices, production, types of production, areas of distribution were all controlled, chartered and dominated by government, and were monopolized by agencies of government. The capitalistic system appeared in Europe as a rebellion against that form of life. Now if we are to take capitalism, a changing, growing, evolving organism, mechanism, and we are to get the best out of it, we have got to be everlastingly vigilant that it doesn't return to the same types of control, the same type of monopolies, the same type of character, the same type of stupidity, which existed when governments in England, France and Germany and every European country were in control, and exists today in every Asiatic country where government controls the means of production and distribution. That is our past. I say improvement, yes. I say, raise the standard of living, yes. I say, more distributing of the profits of this system to an increasingly large number of people, yes. Raise wages, yes. Bring down prices, yes. But keep the government out of it. Keep the government from destroying, from using our economic system to destroy our life, and to enslave us.

You can say we can discuss this subject purely as an American subject, but we cannot be oblivious to what has happened. We are not in a vacuum. We see what happens in Europe when capitalism collapses. In the countries in Europe in which capitalism has disappeared in the last twenty years, every vestige of democracy, every vestige of human rights, every vestige of the right of the individual, to think and to control his own life has disappeared. We have to face the fact, that when government dominates, it dominates, not economically, but politically. It takes control, not of a machine, which can be destroyed. It takes control of our lives. It destroys our lives, as Stalin and Hitler and Mussolini and the present dictator in Rumania have taken the lives of their people, ruined and wrecked them. We don't want that here!



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